

Supplement to Annual Funding Notice
of LLNS Defined Benefit Pension Plan (Plan) for
Plan Year Beginning January 1, 2023 and Ending December 31, 2023 (Plan Year)

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act, the Highway and Transportation Funding Act of 2014, the Bipartisan Budget Act of 2015, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The “Information Table” compares the impact of using interest rates based on the 25-year average (the “adjusted interest rates”) and interest rates based on a two-year average on the Plan’s: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

Information Table

	Plan Year Beginning in 2023		Plan Year Beginning in 2022		Plan Year Beginning in 2021	
	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates	With Adjusted Interest Rates	Without Adjusted Interest Rates
Funding Target Attainment Percentage	92.88%	74.71%	115.69%	80.00%	112.09%	80.00%
Funding Shortfall	\$296,876,235	\$1,311,480,338	\$0	\$1,096,970,087	\$0	\$971,675,707
Minimum Required Contribution	\$138,427,939	\$262,228,434	\$0	\$254,045,335	\$0	\$238,657,668

Annual Funding Notice
For
LLNS Defined Benefit Pension Plan

Introduction

This notice includes important information about the funding status of your single-employer pension plan (the “Plan”). It also includes general information about the benefit payments guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”), a federal insurance agency. All traditional pension plans (called “defined benefit pension plans”) must provide this notice every year regardless of their funding status.

This notice does not mean that the Plan is terminating. It is provided for informational purposes and you are not required to respond in any way. This notice is required by federal law. This notice is for the plan year beginning January 1, 2023 and ending December 31, 2023 (“Plan Year”).

How Well Funded Is Your Plan

The law requires the administrator of the Plan to tell you how well the Plan is funded, using a measure called the “funding target attainment percentage.” The Plan divides its Net Plan Assets by Plan Liabilities to get this percentage. In general, the higher the percentage, the better funded the plan. The Plan’s Funding Target Attainment Percentage for the Plan Year and each of the two preceding plan years is shown in the chart below. The chart also shows you how the percentage was calculated.

Funding Target Attainment Percentage

	Plan Year Beginning in 2023	Plan Year Beginning in 2022	Plan Year Beginning in 2021
1. Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
2. Plan Assets			
a. Total Plan Assets	\$4,102,882,025	\$4,588,563,827	\$4,026,590,002
b. Funding Standard Carryover Balance	\$0	\$0	\$0
c. Prefunding Balance	\$227,563,169	\$200,683,477	\$139,887,173
d. Net Plan Assets (a) – (b) – (c) = (d)	\$3,875,318,856	\$4,387,880,350	\$3,886,702,829
3. Plan Liabilities	\$4,172,195,091	\$3,792,494,231	\$3,467,197,972
4. Funding Target Attainment Percentage (2d)/(3)	92.88%	115.69%	112.09%

Plan Assets and Credit Balances

The chart above shows certain “credit balances” called the Funding Standard Carryover Balance and Prefunding Balance. A plan might have a credit balance, for example, if in a prior year an employer contributed money to the plan above the minimum level required by law. Generally, an employer may credit the excess money toward the minimum level of contributions required by law that it must make in future years. Plans must subtract these credit balances from Total Plan Assets to calculate their Funding Target Attainment Percentage.

Plan Liabilities

Plan Liabilities in line 3 of the chart above is an estimate of the amount of assets the Plan needs on the Valuation Date to pay for promised benefits under the plan.

Year-End Assets and Liabilities

The asset values in the chart above are measured as of the first day of the Plan Year. They also are “actuarial values.” Actuarial values differ from market values in that they do not fluctuate daily based on changes in the stock or other markets. Actuarial values smooth out those fluctuations and can allow for more predictable levels of future contributions. Despite the fluctuations, market values tend to show a clearer picture of a plan’s funded status at a given point in time. As of December 31, 2023, the fair market value of the Plan’s assets was \$3,814,605,208. On this same date, the Plan’s liabilities, determined using market rates, were \$4,450,770,995.

The fair market value of the Plan’s assets as of December 31, 2023 above does not include planned contributions for the 2023 plan year scheduled to be made by September 2024.

Participant Information

The total number of participants and beneficiaries covered by the Plan on the Valuation Date was 3,585. Of this number, 1,440 were current employees, 1,855 were retired and receiving benefits, and 290 were retired or no longer working for the employer and have a right to future benefits.

Funding & Investment Policies

Every pension plan must have a procedure to establish a funding policy for plan objectives. A funding policy relates to how much money is needed to pay promised benefits. The current funding policy of the Plan is to contribute no less frequently than annually an amount at least equal to the minimum contribution required by law. Lawrence Livermore National Security, LLC may contribute amounts in excess of the minimum required contribution.

Pension plans also have investment policies. These generally are written guidelines or general instructions for making investment management decisions. The investment policy of the Plan is to ensure, over the long-term life of the Plan, an adequate pool of assets to support the benefit obligations to participants, retirees, and beneficiaries. In meeting this objective, the Plan seeks the opportunity to achieve an adequate return to fund the obligations in a manner consistent with the fiduciary standards of ERISA and with a prudent level of diversification, and liquidity needs to pay current benefits when due.

Under the investment policy, the Plan’s assets were allocated among the following categories of investments, as of the end of the Plan Year. These allocations are percentages of total assets:

Asset Allocations	Percentage
Public equity	43.2%
Private equity	0.5%
Investment-grade debt and interest rate hedging assets	34.8%
High-yield debt	7.8%
Real assets	12.8%
Cash or cash equivalents	0.9%
Other	0.0%

Right to Request a Copy of the Annual Report

Pension plans must file annual reports with the US Department of Labor. The report is called the “Form 5500.” These reports contain financial and other information. You may obtain an electronic copy of your Plan’s annual report by going to www.efast.dol.gov and using the search tool. Annual reports also are available from the US Department of Labor, Employee Benefits Security Administration’s Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1515, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan’s annual report by making a written request to the plan administrator. The Plan’s annual report is also available on the Lawrence Livermore National

Security, LLC web site at <https://www.llnl.gov/join-our-team/benefits/retirement-savings/llns-defined-benefit-plan>. Annual reports do not contain personal information, such as the amount of your accrued benefits. You may contact your plan administrator if you want information about your accrued benefits. Your plan administrator is identified below under “Where to Get More Information.”

Summary of Rules Governing Termination of Single-Employer Plans

If a plan terminates, there are specific termination rules that must be followed under federal law. A summary of these rules follows.

There are two ways an employer can terminate its pension plan. First, the employer can end a plan in a “standard termination” but only after showing the PBGC that such plan has enough money to pay all benefits owed to participants. Under a standard termination, a plan must either purchase an annuity from an insurance company (which will provide you with periodic retirement benefits, such as monthly, for life or for a set period of time when you retire) or, if the plan allows, issue one lump-sum payment that covers your entire benefit. Your plan administrator must give you advance notice that identifies the insurance company (or companies) selected to provide the annuity. The PBGC’s guarantee ends upon the purchase of an annuity or payment of the lump-sum. If the plan purchases an annuity for you from an insurance company and that company becomes unable to pay, the applicable state guaranty association guarantees the annuity to the extent authorized by that state’s law.

Second, if the plan is not fully-funded, the employer may apply for a distress termination. To do so, however, the employer must be in financial distress and prove to a bankruptcy court or to the PBGC that the employer cannot remain in business unless the plan is terminated. If the application is granted, the PBGC will take over the plan as trustee and pay plan benefits, up to the legal limits, using plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. The PBGC can do so if, for example, a plan does not have enough money to pay benefits currently due.

Benefit Payments Guaranteed by the PBGC

When the PBGC takes over a plan, it pays pension benefits through its insurance program. Only benefits that you have earned a right to receive and that cannot be forfeited (called vested benefits) are guaranteed. Most participants and beneficiaries receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits that are not guaranteed.

The amount of benefits that PBGC guarantees is determined as of the plan termination date. However, if a plan terminates during a plan sponsor’s bankruptcy, then the amount guaranteed is determined as of the date the sponsor entered bankruptcy.

The PBGC maximum benefit guarantee is set by law and is updated each calendar year. For a plan with a termination date or sponsor bankruptcy date, as applicable in 2024, the maximum guarantee is \$7,107.95 per month, or \$85,295.40 per year, for a benefit paid to a 65-year-old retiree with no survivor benefit. If a plan terminates during a plan sponsor’s bankruptcy, the maximum guarantee is fixed as of the calendar year in which the sponsor entered bankruptcy. The maximum guarantee is lower for an individual who begins receiving benefits from PBGC before age 65 reflecting the fact that younger retirees are expected to receive more monthly pension checks over their lifetimes. Similarly, the maximum guarantee is higher for an individual who starts receiving benefits from PBGC after age 65. The maximum guarantee by age can be found on PBGC’s website, www.pbgc.gov. The guaranteed amount is also reduced if a benefit will be provided to a survivor of the plan participant.

The PBGC guarantees “basic benefits” earned before a plan is terminated, which include:

- Pension benefits at normal retirement age;
- Most early retirement benefits;
- Annuity benefits for survivors of plan participants; and
- Disability benefits for a disability that occurred before the date the plan terminated or the date the sponsor entered bankruptcy, as applicable.

The PBGC does not guarantee certain types of benefits:

- The PBGC does not guarantee benefits for which you do not have a vested right, usually because you have not worked enough years for the company.
- The PBGC does not guarantee benefits for which you have not met all age, service, or other requirements.
- Benefit increases and new benefits that have been in place for less than one year are not guaranteed. Those that have been in place for less than five years are only partly guaranteed.
- Early retirement payments that are greater than payments at normal retirement age may not be guaranteed. For example, a supplemental benefit that stops when you become eligible for Social Security may not be guaranteed.
- Benefits other than pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay, are not guaranteed.
- The PBGC generally does not pay lump sums exceeding \$5,000.

In some circumstances, participants and beneficiaries still may receive some benefits that are not guaranteed. This depends on how much money the terminated plan has and how much the PBGC recovers from employers for plan underfunding.

For additional general information about the PBGC and the pension insurance program guarantees, go to the “General FAQs about PBGC” on PBGC’s website at www.pbgc.gov/generalfaqs. Please contact your employer or plan administrator for specific information about your pension plan or pension benefit. PBGC does not have that information. See “Where to Get More Information,” below.

Corporate and Actuarial Information on File With PBGC

A plan sponsor must provide the PBGC with financial information about itself and actuarial information about the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor’s controlled group) falls below 80% (other triggers may also apply). The sponsor of the Plan, Lawrence Livermore National Security, LLC, or a member of its controlled group, was subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for monitoring and other purposes.

Where to Get More Information

For more information about this notice, you may contact LLNS Benefits and Investment Committee or LLNS Benefits Group, at 7000 East Avenue, Mail Stop L-642, Livermore, CA 94550 or 925.422.9955. For identification purposes, the official plan number is 003 and the plan sponsor’s name and employer identification number or “EIN” are Lawrence Livermore National Security, LLC and 20-5624386.

Information May Change

This notice is intended to comply with the requirements of section 101(f) of the Employee Retirement Income Security Act of 1974, as amended. The disclosures provided in this notice are based on information available and believed to be accurate as of the date this notice is provided. All computations reflected in these disclosures have been performed based on a good faith interpretation of the applicable statutory and regulatory guidance in effect on the date this notice is provided. Such information and computations include, but are not limited to, the measurement of plan liabilities, reported values of plan

assets, and allocation of assets. However, actual results for the Plan Year may change and will not be considered final until filed with the Department of Labor as part of the Annual Report (i.e., the Form 5500). Subsequently, such results will change only by amendment of the Annual Report for the Plan Year. See the Right to Request a Copy of the Annual Report section for information about how to obtain a copy of the Annual Report. The plan sponsor does not undertake any obligation to update or publicly release any revisions to this notice, and no such revisions will be issued, to reflect any changes, including but not limited to, changes in the manner in which particular calculations are performed, changes in expectations, the adoption of plan amendments or any other events or circumstances occurring after this notice is provided.

Availability to Request a Benefit Estimate

We wanted to remind you of your ability to request an estimate of your plan benefit. You can request an estimate of your current accrued benefit, or you can request an estimate of your benefit projected to a future date.

To request a benefit estimate electronically, access Your Pension Resources™ at <https://ypr.aon.com/livermore/#/>. To request a free paper copy of a benefit estimate, call the LLNS Pension Center toll free at 1-866-655-9587. Representatives are available 7am-4pm (Pacific).

In order to estimate your current accrued benefit, select a termination date of today's date and select a benefit start date equal to your Normal Retirement Date in the plan (usually age 60 at LLNS). To project a future benefit, you may also select a projected termination date or an alternate benefit start date.

1. Why am I receiving this notice?

The Pension Protection Act of 2006 (the “PPA”) requires employers who sponsor defined benefit pension plans to distribute an Annual Funding Notice (the “Notice”). This requirement became effective in 2009 for the 2008 plan year. The enclosed notice is for the 2023 plan year.

2. Who is required to receive this Notice?

Employers must provide an Annual Funding Notice to all plan participants and beneficiaries annually. The Pension Benefit Guaranty Corporation (the “PBGC”) is also generally required to receive the Annual Funding Notice.

3. What is the purpose of the Annual Funding Notice?

To give LLNS Defined Benefit Pension Plan (the “Plan”) participants information about the Plan’s funded status. The Notice also includes a summary of the rules that apply if a pension plan ends.

4. Does receipt of this Notice mean that the Plan does not have enough funds to pay benefits?

No. The Notice must be provided regardless of the Plan’s actual level of funding. The funded status, the level of guaranteed payment, and plan termination information contained in the Notice are provided to comply with the PPA. This information is not intended to suggest that these conditions apply to the Plan.

5. Who determines whether the Plan has enough funds to pay benefits?

LLNS hires independent actuaries to perform a “valuation” and certify the Plan’s minimum pension funding requirements each year. These actuaries are professionals certified by the government to perform work pertaining to pension plans. LLNS makes contributions to the Plan’s trust fund based on the outcome of these annual valuations.

6. How are the liabilities determined? What causes the Plan’s liabilities to grow?

A pension plan’s liability is the value of retirement benefits due to current and future retirees. Since most of the benefits will be paid out in future years, the liability is calculated as a present value in today’s dollars.

The liabilities will decrease over time as benefits are paid out. However, until benefits are paid, the Plan’s liabilities will grow with interest. In addition, the liabilities will increase over time as plan participants earn additional benefits through pay and service increases. Since the Plan is closed to new participants, recently hired LLNS employees earn no benefits under the Plan and have no impact on the Plan’s liabilities.

The Plan’s liabilities are also sensitive to the interest rates used in calculating a present value in today’s dollars. Lower interest rates mean that more money is needed today to satisfy the future benefit payments since that money is expected to grow more slowly. Therefore, the Plan’s liabilities increase when these rates fall and decrease when these rates rise.

7. Why did the Funding Target Attainment Percentage (FTAP) decrease from 2022 to 2023?

The Plan’s FTAP has decreased because the Plan assets had lower than expected investment returns.

8. How are the interest rates used to calculate the Plan's liabilities determined?

The interest rates are mandated by the government through the PPA. Prior to 2012, PPA interest rates were based on current interest rates on high-grade corporate bonds. Beginning in 2012, PPA interest rates were changed as part of the Moving Ahead for Progress in the 21st Century Act to be based on the 25-year average of interest rates on high-grade corporate bonds. Interest rates have been at historical lows, so using a 25-year average significantly raises the PPA interest rates as of January 1, 2023.

9. Why are employee contributions necessary if the Plan is so well funded?

The Plan's funded status in 2023 does not reflect anticipated increases to the Plan's liabilities in the future. Liabilities are projected to increase over time as participants earn additional benefits. The contributions made by both LLNS and employees will help protect the funded status of the Plan as the liabilities grow.

10. Why does the Plan have a prefunding balance for 2023?

The Plan has a prefunding balance because LLNS contributed more than the minimum contribution required by law in the past. The prefunding balance may be used by LLNS to offset future minimum contribution requirements.

11. Why are the values for the Plan assets and liabilities shown in the "Funding Target Attainment Percentage" section of the Notice different from the values in the "Year-End Assets and Liabilities" section?

The assets and liabilities shown on the first page of the Notice are calculated under PPA rules. Since pension plans operate over a long time horizon, pension funding laws were designed to ensure the long-term financial health of plans while protecting plan sponsors from short-term market fluctuations.

In determining assets, the PPA allows plan sponsors to "smooth" asset values by averaging the market value of assets over two years. In a rising market where assets perform well, the true market value of assets will be higher than the smoothed value. Over time, the smoothed asset value is expected to be equal to the market value.

In determining liabilities, the PPA allows plan sponsors to "smooth" interest rates by averaging the market interest rates of high-grade corporate bonds over two years. This smoothing has been further enhanced under the Moving Ahead for Progress in the 21st Century Act (MAP-21), the Highway and Transportation Funding Act of 2014 (HATFA), the Bipartisan Budget Act of 2015, the American Rescue Plan Act of 2021, and the Infrastructure Investment and Jobs Act. Since interest rates have fallen in recent years, the Plan's smoothed interest rate is higher than current market interest rates. Over time, the smoothed interest rates are expected to be equal to the market interest rates.

The "Year-End Assets and Liabilities" ("Year-End") are measured on a true market value basis with no averaging.

In addition, the assets and liabilities are measured at different points in time. In the Funding Target Attainment Percentage section, the values are measured as of January 1, 2023. In the Year-End section, the values are measured as of December 31, 2023.

12. What are the considerations in investing pension plan assets?

Pension plan assets are invested to ensure, over the long-term life of the plan, an adequate pool of assets to support the benefit payments to current and future retirees. Unlike many individual investors, pension plans do not invest assets in order to achieve the highest rate of return but instead to generate a desired rate of return consistent with minimizing the risk to current assets.

13. If the funded status of the Plan were to drop below 100%, will I still receive my full benefit when I retire?

Yes. As long as the Plan continues to be in operation, you will receive the full benefit to which you are entitled. The funded status and the financial health of the Plan have no bearing on your benefit amount.

In the unlikely event the Plan were to terminate while underfunded, there are rules governing the level of benefits payable, which could in certain circumstances result in less than full benefits. Please refer to "Summary of Rules Governing Termination of Single-Employer Plans" and "Benefit Payments Guaranteed by the PBGC" in the Notice.

14. What happens if the Plan is significantly underfunded?

If a pension plan becomes significantly underfunded, restrictions may apply to increases in benefits, plan amendments, and the forms of payment available. None of these restrictions currently apply to the Plan. In addition, employers with funding shortfalls must pay higher PBGC premiums to protect pension benefits.

15. Can a pension plan be overfunded? What happens to the funds?

Yes. If a plan is overfunded, excess plan assets are generally used to reduce the amount of future employer contributions. If the Plan has excess assets and ends after paying all benefits to participants, the excess assets will revert to The Department of Energy.

16. Will employees' current mandatory contributions increase?

There are no plans to change the level of employee contributions at this time.

17. Does this Notice apply to my 401(k) Savings Program account?

No. The Annual Funding Notice applies only to the LLNS Defined Benefit Pension Plan.

18. How is my benefit determined under the Plan?

You can find the pension formula and other important plan provisions in your Summary Plan Description online at <https://www.llnl.gov/join-our-team/benefits/retirement-savings/llns-defined-benefit-plan>. You will also find an example that shows how the formula is applied.

19. How can I find out the amount of my own Plan benefit?

Active employees get a pension estimate electronically by accessing Your Pension Resources™ at <https://ypr.aon.com/livermore/#/>. To request a free paper copy of a benefit estimate, call the LLNS Pension Center toll free at 1-866-655-9587. Representatives are available 7am-4pm (Pacific).

20. Do I need to take action?

No. This Notice is for your information only. You do not need to take any action.

21. Why was LLNS required to provide additional information to the PBGC?

Additional PBGC reporting is required when the funding target attainment percentage of the plan, without adjusted interest rates, falls below 80%. This funded percentage, shown on page 1 of the Supplement to Annual Funding Notice, was 74.71% for the plan year beginning in 2023. However, this funded status is not representative of the plan's financial health since:

- Actuarial liability and asset values smooth out day-to-day fluctuations to allow for more predictable levels of contributions. As such, these values may not be indicative of actual market conditions on the measurement date, and
- Plan assets are reduced by the value of the prefunding balance on this basis.

Market values tend to show a clearer picture of a plan's funded status since they reflect actual market conditions on the measurement date and actual asset values.

22. What is the "market value" funded status of the plan?

As of December 31, 2023, the fair market value of the Plan's assets was \$3,814,605,208. On this same date, the Plan's liabilities, determined using market rates, were \$4,450,770,995.

The ratio of plan assets to liabilities on this basis was approximately 85.7%

23. What additional information is required to be provided to the PBGC?

This reporting requirement includes financial information, plan identifying information, and actuarial information.

24. Where can I find out more about the information required to be provided to the PBGC?

More information is available from the PBGC here: <https://www.pbgc.gov/prac/reporting-and-disclosure/4010-reporting>